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July 20, 1998

**CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

David McCormack  
Senior Litigation Analyst  
Fireman's Fund Insurance Company  
Environmental Claims Facility  
777 San Marin Drive  
Novato, CA 94998-3400

Re: Insured: Group R Co., Inc. (Marmon Group, Inc.)  
FFIC Claim No.: 105-97-129940  
Site: Coeur d'Alene Basin, Idaho



Dear Mr. McCormack:

We have received your letter of April 28, 1998, under cover of which you provided us with another copy of your letter of December 16, 1997, which sets forth National Surety's and Fireman's Fund's position with respect to the excess policies referenced in those letters. Enclosed is another copy of our letter to you of February 5, 1998, which responded to your December 16<sup>th</sup> letter.

In your April 28<sup>th</sup> letter you state that the policy limits of primary policy no LC 2045403 have been exhausted. Our client is reviewing its records regarding this policy and expressly reserves its rights to seek additional coverage under this policy if its records indicate that the policy limits have not been exhausted.

Finally, our records indicate that you have received our letter of May 27, 1998, in which we informed you that the Court denied without prejudice the motions filed by the U.S. Department of Justice (the "United States") and Coeur d'Alene Tribe (the "Tribe") seeking leave to amend their complaints to add our client, Group R Co., Inc., ("Group R") as a defendant. Consequently, Group R is not being added as a defendant at this time.

Please be advised that although Group R is not being added as a defendant at this time, Group R expressly reserves its rights to seek coverage under all of its relevant policies with National Surety

LS 003740

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July 20, 1998

David McCormack  
Page 2

and Fireman's Fund in the event the United States and the Tribe renew their motions to add Group R as a defendant or approach Group R for a settlement.

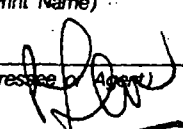
If you have any questions or wish to discuss this matter further, please do not hesitate to contact me or Michael David Lichtenstein of this office.

Very truly yours,

  
David M. Wissert.

M2377/59  
07/19/98 0540186.01

Enclosure(s)  
cc: Michael David Lichtenstein, Esq. (w/o encl.)

<b>SENDER:</b> ■ Check box at right if you require Restricted Delivery. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to:  <b>David McCormack Senior Litigation Analyst Fireman's Fund Insurance Co. Environmental Claims Facility 777 San Marin Drive Novato, CA 94998-3400</b>		4a. Article Number <b>P 968 716 370</b>	
		4b. Service Type <input checked="" type="checkbox"/> <b>CERTIFIED</b>	
5. Received By: (Print Name)  <b>X</b>		7. Date of Delivery <b>7/22/98</b>	
6. Signature: (Addressee or Agent) 		8. Addressee's Address	

PS FORM 3811, December 1994 Domestic Return Receipt

LS 003741

GRP "R" CDA dm - 0189

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February 5, 1998

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STUART S. YUSEN  
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**RETURN RECEIPT REQUESTED**

David McCormick  
Senior Litigation Analyst  
Fireman's Fund Insurance Company  
Environmental Claims Facility  
777 San Marin Drive  
Novato, CA 94998-3400

**Re: Potential Claim for Environmental Damage in the  
Coeur d'Alene Basin, Northern Idaho**

**Policy Nos.:** LC2045403 (9/1/73 - 8/1/75)  
                  XLB 1060015 (1/18/71 - 9/1/73)  
                  XLX 1366382 (6/18/79 - 8/31/79)  
                  XLX 1366433 (8/31/79 - 8/31/80)  
                  XLX 1436247 (12/15/80 - 2/1/82)  
                  XLX 1482416 (2/1/82 - 10/1/82)  
                  XLX 1395199 (10/1/83 - 10/1/84)  
                  XLX 1687455 (10/1/84 - 10/1/85)

**Claim Nos.:** 105-97-129939  
                  105-97-129940

Dear Mr. McCormick:

Thank you for your letters of December 16, 1997, in which you acknowledge notice of the above-referenced claim on behalf of Fireman's Fund Insurance Company

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LS 003742

February 5, 1998

("Fireman's Fund") and National Surety Corporation ("National Surety"). Our responses to the requests for information contained in your letters follow:

1. Details pertaining to Group R's incurred costs, estimated dollar value exposure, and volumetric share at the site.

**RESPONSE:** See Group R's written response to the USEPA's 104(e) Request for Information ("Group R's 104(e) Response"), a copy of which is enclosed. If you wish to receive copies of the documents included in that response, please contact me or Michael Lichtenstein of this office. In addition, as this matter is still in the preliminary stages, no formal or official estimate of damages has been provided to us, nor have we been provided with a formal estimate of Group R's share of damages, if any. The United States Department of Justice has advised us informally, however, that the total clean-up costs and Natural Resource Damages associated with the Coeur d'Alene Basin in Northern Idaho could reach two billion dollars (\$2,000,000,000).

2. Describe all waste, storage, processing, or disposal activities at the site.

**RESPONSE:** See Group R's 104(e) Response.

3. Provide a history of the site, including the dates [and] nature of Group R's ownership and operations.

**RESPONSE:** See Group R's 104(e) Response.

4. Indicate when Group R first became aware of any pollution or environmental contamination relating to the site.

**RESPONSE:** See Group R's 104(e) Response.

5. Describe the present status of any investigation or remediation at the site.

**RESPONSE:** As stated above, this matter is still in its preliminary stages. It is Group R's understanding that a number of removal actions have been conducted pursuant to two AOCs. Group R has not been asked to participate, and in fact has not participated, in those efforts.

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February 5, 1998

6. Provide a copy of the site characterization and the most recent site status pertaining to the contamination and/or remediation at the site.

**RESPONSE:** Currently, Group R does not have any documents responsive to this request.

7. Forward periodic status reports regarding any developments and/or proceedings relating to the site.

**RESPONSE:** Currently, Group R does not have any documents responsive to this request. We will continue to keep you updated as to the progress of this matter as it proceeds.

8. Advise of any settlement negotiations and all settlement offers and demands.

**RESPONSE:** We anticipate hearing from the Government in early 1998 with regard to a settlement proposal in connection with this matter and will contact you when a settlement proposal is received.

9. Identify by carrier, policy number, effective dates, limits, and policy type all of the policies under which Group R is seeking coverage.

**RESPONSE:** As you know, this matter is still in the preliminary stages. We currently are in the process of determining our client's full insurance profile. Accordingly, we cannot provide you with this information at this time. We note, however, that this information should not be necessary for you to make a coverage determination with respect to the applicable policies referenced above and we expect that our inability to provide this information at this time will in no way delay your coverage determination.

10. Information regarding the impairment and/or exhaustion, if any, of all the potentially applicable underlying policies.

**RESPONSE:** See response to no. 9 above.

11. Copies of all demands, notices, claims, and/or suits or judicial proceedings pertaining to the site.

**RESPONSE:** Other than the motion papers sent to you with our letter of October 31, 1997, Group R does not possess any documents responsive to this request at this time. If we receive any additional information, we will provide it to you.

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February 5, 1998

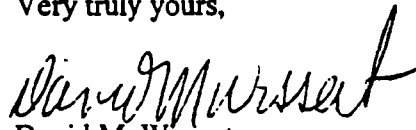
12. Any other information that would assist Fireman's Fund in evaluating this matter.

**RESPONSE:** None at this time.

We will continue to keep you updated with respect to the progress of this matter.

If you have any questions or require any additional information, please do not hesitate to contact me or Michael David Lichtenstein of this office.

Very truly yours,



David M. Wissert

DMW:dmw

Enclosures

cc: Michael David Lichtenstein, Esq. (w/o encl.)

LS 003745

LOWENSTEIN SANDLER PC

*Attorneys at Law*

DAVID M. WISSERT  
*Associate*

Tel 973.597.2560 Fax 973.597.2561  
*dwissert@lowenstein.com*

May 27, 1998

**CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

David McCormick  
Senior Litigation Analyst  
Fireman's Fund Insurance Company  
Environmental Claims Facility  
777 San Marin Drive  
Novato, CA 94998-3400

**Re: Potential Claim for Environmental Damage  
in the Coeur d'Alene Basin, Northern Idaho  
Insured: Group R Co., Inc.**

**Policy Nos.:** LC2045403 (9/1/73 - 8/1/75)  
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                  XLX 1395199 (10/1/83 - 10/1/84)  
                  XLX 1687455 (10/1/84 - 10/1/85)  
  
**Claim Nos.:** 105-97-129939  
                  105-97-129940

Dear Mr. McCormick:

As you know, this firm represents Group R Co., Inc. ("Group R") in connection with the above-referenced matter. As we informed you in our notice letter, on or about August 29, 1997, the United States Department of Justice (the "United States") and the Coeur d'Alene Tribe (the "Tribe") filed motions in the United States District Court for the District of Idaho seeking leave to amend their complaints to add Group R as a defendant and seeking contribution pursuant to CERCLA toward the cleanup costs of the Coeur d'Alene mining district in Northern Idaho as well as Natural Resource Damages. Accordingly, we notified you of this claim.

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**LS 003746**

GRP "R" CDA dm - 0194

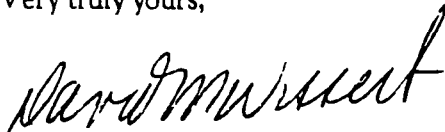
David McCormick  
Page 2

May 27, 1998

On March 31, 1998, Judge Edward L. Lodge denied the United States' and the Tribe's motions to amend their complaints to add Group R as a defendant without prejudice to the plaintiffs' right to re-file their motions at a later date. A copy of Judge Lodge's Order is enclosed for your review and records. Consequently, Group R is not being added as a defendant at this time.

If you have any questions, please do not hesitate to contact me or Michael David Lichtenstein of this office.

Very truly yours,



David M. Wissert

M2377/59

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Enclosure

cc: Michael David Lichtenstein, Esq.



LS 003747